# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:6299
ANSWERED ON:05.05.2000
SMUGGLING OF BEARINGS
PUSHPDAN SHAMBHUDAN GADHAVI

**Will the Minister of FINANCE be pleased to state:**

(a) whether the Government have received any representations regarding large scale smuggling of ball bearings from Nepal, China and other countries;

(b) if so, whether the Government have since probed into the matter and with what results;

(c) how far it is attributable to high rate of excise duty payable on this item adding to the cost of indigenous bearing; and

(d) whether the ball bearing industry has demanded for reduction in duty to prevent smuggling thereof and help the indigenous industry stand to international competition; and

(e) if so, the details in this regard and the Government`s decision thereon?

## Answer

MINISTER OF STATE (REVENUE) IN THE MINISTRY OF FINANCE

(SHRI V. DHANANJAYA KUMAR)

(a)&(b): Representations from `Ball & Roller Bearing Manufacturers` Association of India` were received by the Government, in the run up to the discussions with the Industry for finalising proposals for Budget-2000. The Association had, inter alia, alleged large scale smuggling of bearings destined for Nepal into India under cover of Indo-Nepal Transit Treaty andsuggested for certain changes in the Excise and Customs Duty structure on bearings apart from taking measures for curbing smuggling.

No specific probe from alleged smuggling angle was considered necessary as the allegations were of general nature without any substantiating evidence. Government has already, however, taken various measures to strengthen checks and controls on the imported goods in transit from Calcutta Port to Nepal toprevent its diversion. The field units of the Customs Department, specially on the Indo-Nepalborder and its intelligence units including Directorate of Revenue Intelligence,are ever vigilant and on high alert to prevent smuggling of contrabands (including ball-bearings) from Nepal and other countries.

c): Central Excise Duty on bearings manufactured in the country, is leviable @ 16% ad valorem, which rate is applicable to most of the goods including industrial goods. There is no evidence to attribute smuggling of imported bearings to this rate of duty on indigenous bearings.

(d)&(e): Yes, Sir. The Industry/Association had represented forreduction of the Central Excise Duty on bearing industry from 16%to 8%. This request was examined but was not found acceptable, particularly in view of CENVAT introduced in the current Budget with uniform rate of 16% for most industries.